

## Message Text

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E.O. 11652: N/A  
TAGS: EGEN, SA  
SUBJECT: SAUDI FOOD SUPPLY COMPANY CREATED

1. ENGLISH LANGUAGE DAILY "ARAB NEWS" REPORTED JULY 13  
THAT THE COUNCIL OF MINISTERS, IN AN EFFORT TO STEM  
SPIRALLING FOOD COSTS, HAS DECREED THE FORMATION OF "THE  
SAUDI FOOD SUPPLY COMPANY" TO PROVIDE FOOD AT BOTH WHOLE-  
SALE AND RETAIL LEVEL AT COST.

2. DECREE, AS TRANSLATED BY "ARAB NEWS" FOLLOWS:  
QUOTE: THE ROYAL DECREE STATES:  
A. IN ACCORDANCE WITH THIS DECREE, A COMPANY SHALL  
BE SET UP NAMED THE SAUDI FOOD SUPPLIES COMPANY BASED  
IN RIYADH WITH TWO BRANCHES IN JEDDAH AND DAMMAM, AND  
SHALL BE ENTITLED TO OPEN MORE BRANCHES IN VARIOUS CITIES  
IN THE KINGDOM.  
B. THE AIM BEHIND THE ESTABLISHMENT OF THE COMPANY  
IS WHOLESALE AND RETAIL TRADING IN FOOD SUPPLIES AND  
OTHER CONSUMER GOODS TO BE SET BY ITS BOARD, TO SUPPLY  
CONSUMERS WITH THESE MATERIALS AT MINIMUM COSTS  
POSSIBLE.  
C. THE COMPANY SHALL DEAL IN ALL ACTIVITIES  
REQUIRED TO ATTAIN ITS SET OBJECTIVES.  
D. THE COMPANY SHALL BE RUN BY A BOARD CONSISTING  
OF NO LESS THAN FIVE MEMBERS AND NOT EXCEEDING NINE  
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INCLUDING BOARD CHAIRMAN. THESE MEMBERS SHALL BE

APPOINTED BY A DECREE BY THE COUNCIL OF MINISTERS AT  
THE COMMERCE MINISTER'S SUGGESTION.

E. THE CAPITAL OF THE COMPANY TOTALS SR1,000 MIL-  
LION AND IS WHOLLY PAID BY THE GOVERNMENT, AND IS TO  
BE INCREASED IF THE COUNCIL OF MINISTERS DEEMS IT  
NECESSARY. WITHDRAWALS FROM THE CAPITAL SHALL BE MADE  
THROUGH A RESOLUTION BY THE COMPANY'S BOARD.

F. THE MINISTER OF COMMERCE SHALL PUBLISH THE  
COMPANY'S STATUTE IN VIEW OF THE GENERAL RULES INCLUDED  
IN THIS DECREE.

G. THIS DECREE SHALL BECOME EFFECTIVE AS FROM THE  
DATE OF ITS PUBLICATION. UNQUOTE.

3. COMMENTS: IT IS TOO EARLY TO GAUGE REPERCUSSIONS  
TO THIS MEASURE FROM THE MERCHANTS IN SAUDI ARABIA  
DEALING IN FOODSTUFFS. IT IS LIKELY THAT THE MEASURE  
WILL FACE SILENT, IF NOT VOCAL, OPPOSITION FROM LARGE  
SAUDI FIRMS, MANY OF WHICH BEGAN THEIR MERCANTILE  
CAREERS IN FOOD SUPPLY. SINCE NO DATE IS MENTIONED FOR  
THE FORMATION OF THE COMPANY, THE ANNOUNCEMENT MAY BE  
IN THE NATURE OF A THREAT TO ENCOURAGE MERCHANTS TO LOWER  
OR STABILIZE PRICES.

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